

Debbie I. Chang, M.P.H.
Deputy Secretary
Health Care Financing
Maryland Department of Health and Mental Hygiene
210 West Preston Street
Baltimore, Maryland 21201

Dear Ms. Chang:

I am responding to your request to amend Maryland's section 1115 demonstration project number 11-W-000-99/3, entitled "Maryland Medicaid Section 1115 Health Care Reform Demonstration," known as "HealthChoice." I am pleased to inform you that the Centers for Medicare & Medicaid Services (CMS) is approving Maryland's request to expand pharmacy coverage to Medicare beneficiaries and other persons not otherwise eligible for Medicaid or the Maryland Children's Health Insurance Program. This program is known as the Maryland Pharmacy Discount Program.

This approval will permit Maryland to extend pharmacy benefits, with primary care coordination, to Medicare beneficiaries at or below 175 percent of the Federal Poverty Level (FPL) and to other persons not otherwise eligible for Medicaid or the Maryland Children's Health Insurance Program with incomes at or below 116 percent of the FPL, including Qualified Medicare Beneficiaries (QMBs). We commend you for your interest in expanding pharmacy coverage to this population.

CMS has determined that the Maryland Pharmacy Discount Program is likely to assist in promoting the objectives of the Medicaid program. This program would make prescription drugs more affordable to primarily low-income, aged Maryland residents who are not otherwise eligible for Medicaid. It would allow these individuals to have affordable access to potentially life saving medicines. Lack of ability to pay for needed prescription drugs is often a significant factor contributing to health problems of the low-income population. Those who use their limited financial resources to obtain needed drugs may do so by foregoing other expenditures important to their health and well-being. Expanded access to medically necessary drugs will make it much more likely that this category of individuals will be healthier and potentially able to remain not eligible for full Medicaid coverage. Furthermore, the Maryland Pharmacy Discount Program will allow CMS to obtain valuable data regarding drug utilization for these low-income individuals who previously did not have a prescription drug benefit.

Approval of this project is under the authority of section 1115(a)(2) of the Social Security Act (the Act) and is subject to our receiving your written acceptance of this award within 30 days of the date of this letter. All special terms and conditions associated with your current demonstration award remain in effect.

All requirements of the Medicaid program, expressed in law, regulation, and policy statement, not expressly waived or identified as not applicable in this letter, shall apply to the Maryland Pharmacy Discount Program.

Under the authority of section 1115(a)(2) of the Act, made by the State under the Maryland Pharmacy Discount Program for the items identified below (which are not otherwise included as expenditures under 1903) shall, for the duration of the HealthChoice demonstration, be regarded as expenditures under the State's title XIX plan:

Expenditures for extending pharmacy benefits to Medicare beneficiaries at or below 175 percent of the Federal Poverty Level (FPL) and to other persons not eligible for Medicaid or the Maryland Children's Health Insurance Program with incomes at or below 116 percent of the FPL, including Qualified Medicare Beneficiaries enrolled in the Maryland Pharmacy Discount Program.

In addition, the following will not be applicable to the Maryland Pharmacy Discount Program:

Cost Sharing and Premium	1916
Amount Duration and Scope of Services	1902(a)(10)(B)
Retroactive Eligibility	1902(a)(34)

If you have any questions concerning this award, please contact Richard Chambers, Director, Family and Children's Health Programs Group at (410) 786-4647. We extend our congratulations on this award and look forward to continuing to work with you on this project.

Sincerely,

Thomas A. Scully